

Executive Summary

The Q4-2014 Saudi corporate results were noticeably mixed. As a whole, the total market profitability dropped 24.4% YoY to reach SAR 19.9 billion. Seven sectors in TASI witnessed growth in profitability on annual basis, while eight sectors witnessed an annual drop.

TASI's Trailing PE is at 18.7x, PB is at 2.2x and dividend yield at 2.9%. Historically, TASI's PE average for the last 10 years was around 17x. The MSCI Frontier Market Index PE is at 14.9x, and the MSCI Emerging Market Index PE is around 12.5%. Our calculated forward 2015 PE for TASI is around 14.7x. We believe opening TASI for foreign investors this year will attract new funds especially to sectors such as petrochemicals, banks, cement and selected mid-sized companies.

It was no surprise that petrochemicals played a significant role in cumulative profitability annual decline. The sector's cumulative profitability dropped by 34.5% YoY to SAR 6.4 billion, following the rapid 50% drop in oil prices within the same period. The petrochemical sector constituted only 32.5% of total market profitability in the quarter. We believe we will see even lower profits in 2015, as the sector enjoyed three quarters of 2014 with oil prices above USD 100.

The cumulative profitability of banks and financial services sector rose by 14.4% YoY to reach SAR 9.7 billion, constituting 49% of total market profitability. Banks are the major player in TASI now. Growth of the sector in 2015 remains a challenge with the existence of fierce competition and lack of new products.

Cement Sector rebounded as its profitability rose 32.2% YoY to SAR 1.47 billion (third largest contributor to market profitability of 7.5%). The year 2015 seems favorable for the cement sector.

Telecom sector is no longer a major player as it ended the quarter with cumulative loss of SAR 188 million, mainly because of Mobily's dramatic revision of profits. Growth is stagnant in this sector.

The building and construction sector witnessed 96% drop in profitability YoY caused mainly by Almojl Group. Transportation sector witnessed significant drop in profitability on YoY basis, however this was mainly due to Albahri 56% drop in profitability followed by Mubarrad's loss of SAR 3.1 million compared to SAR 81 gain in Q4-2013.

We have seen a positive surprise however in the Insurance sector. The sector made a quarterly profit of SAR 291 million compared to 1.2 billion losses in Q4-2013. The major contributions came from a significant turnaround from the three biggest players in the sector NCCI, MedGulf, and Bupa. This year could witness a turnaround also for smaller companies who started making profits.

Retail Sector profitability growth was stagnant in Q4-2015; however, we believe the sector will have a significant boost in profitability in Q1-2015 due to the effect of recent two salary giveaways by the king. The valuation of companies in this sector is expensive which makes it less attractive at the moment.

The industrial investment sector witnessed a sharp 152% YoY jump on profitability; however, this was mainly due to rise in Maaden's quarterly profits to SAR 376 million compared to SAR 29 million loss same quarter last year. Maaden remains an attractive long-term investment opportunity. Our 2017 forecasted PE is 17.5x compared to a current PE of 34.5x.

Top 15 Companies

Lowest P/E

Company	P/E (x)	P/BV (x)	D/Y (%)
Taiba Holding Co.*	5.02	1.65	5.9
Al Hassan Ghazi Ibrahim Shaker*	5.39	2.85	3.27
Advanced Petrochemical Co.	8.78	3.45	5.9
Samba Financial Group	9.24	1.48	2.87
Alujain Corporation*	9.64	1.72	-
Arab National Bank	10.61	1.6	2.96
Saudi Basic Industries Corp	10.69	1.73	5.71
Banque Saudi Fransi	10.73	1.68	2.69
YANSAB	10.83	1.79	6.0
Saudi Industrial Investment Group	10.83	1.4	3.52
Zamil Industrial Investment Co	10.83	1.96	3.46
AL-BABTAIN Company	10.88	2.41	2.43
Al-Jouf Agriculture Co.	11.43	1.77	2.13
Saudi Pharmaceutical Indust	11.57	1.5	-
SAUDI HOLLANDI	11.68	2.82	2.09

Source: Bloomberg, AlJazira Capital *Non-Recurring gains.

Top 15 Companies

Highest D/Y

Company	D/Y*(%)	P/Bv (x)	P/E (x)
Arabian Cement Co.	6.3	2.45	12.01
Qassim Cement Co.	6.3	2.21	14.65
Saudi Cement Co.	6.2	4.73	13.61
YANSAB	6	1.79	10.83
Yamamah Cement Co.	6	2.74	14.48
Advanced Petrochemical	5.9	3.45	8.78
Taiba Holding Co.	5.9	1.65	5.02
Yanbu Cement Co.	5.8	1.79	10.83
Saudi Basic Industries Corp	5.7	1.73	10.69
National Gas and IND.	5.5	2.41	16.04
Saudi Telecom	5.3	2.18	11.95
Saudi Automotive Services	5.2	1.73	13.47
AL-Abdullatif Investment	5.1	2.53	13.51
Saudi vitrified clay pipes	4.9	6.02	13.42
Southern Province Cement Co.	4.7	5	14.64

Source: Bloomberg, AlJazira Capital

Taiba Holding Co. and Al Hassan Ghazi Ibrahim Shaker posted the lowest PE in the Saudi market at **5x** for the trailing twelve months (TTM), followed by Advanced Petrochemical at **8.7x**.

Average PE for the Saudi market on TTM basis stood at **18.7x**.

Arabian Cement Company's shares had the best dividend yield in the Saudi market at **6.3%**; the Cement sector dominated, with five companies among the top 15, the sector in terms of dividend yield.

Overall dividend yield in the Saudi market was **2.9%**.

Lowest 15 Companies

Lowest P/BV

Company	P/Bv (x)	P/E (x)	D/Y (%)
Dar Alarkan Real Estate Dev	0.64	15.34	-
Methanol Chemicals Co.	1.06	43.81	-
Saudi Electricity Company	1.13	17.13	-
Saudi Arabian Amiantit Co.	1.15	17.85	-
Saudi Re for Coop Reinsurance	1.21	129.67	-
Saudi Advanced Industries Co.	1.24	54.83	-
Nama Chemicals Co.	1.28	-	-
Arabian Pipes Company	1.29	100.37	-
Sahara Petrochemical Co.	1.33	16.92	4.72
Saudi Kayan Petrochemical Co	1.33	-	-
Saudi Industrial Services Co.	1.35	13.11	-
Saudi Research and Marketing	1.38	16.2	-
Jazan Development Co.	1.39	82.29	-
Aseer Trading, Tourism & Mfg Co.	1.39	16.09	3.47
Saudi Real Estate Co.	1.4	14.4	1.24

Source: Bloomberg, AlJazira Capital

Highest 15 Companies

Accumulated Loss to Capital

Company	Bk Value	P/Bv (x)	L/C (%)
Salama Cooperative Insurance	2.64	11.87	73.60%
Saudi Indian Company	2.9	11.99	71%
Arabia Insurance Cooperative	3.18	6.37	68.20%
Amana Cooperative Insurance	3.95	4.05	60.50%
Al Alamiya for Cooperative	2.07	15.22	58.60%
Etihad Atheeb	4.22	1.9	57.80%
Alinma Tokio Marine	4.44	11.99	55.60%
Saudi Fisheries Co	4.77	6.5	52.30%
Solidarity Saudi Takaful	5.04	4.43	49.60%
Zain Telecom Company	5.06	1.44	49.40%
Al-Rajhi Company for Cooperative	5.27	8.63	47.40%
Gulf Union Cooperative	5.27	3.94	47.30%
United Cooperative Assurance	5.53	3.55	44.70%
Saudi Cable Company	5.63	1.86	43.70%
Al-Ahlia Insurance Company	5.66	1.82	43.40%

L/C refers to losses to capital

Source: Bloomberg, AlJazira Capital

Dar Alarkan had the lowest P/BV in the Saudi market at **0.64x**, followed by Methanol Chemicals and Saudi Electricity Company at **1.06x** and **1.13x**, respectively.

The TTM P/BV for the Saudi market stood at **2.2x**.

Salama Cooperative and Saudi Indian lost **73.6%** and **71%** of its capital (since inception), respectively.

11 of the top 15 highest accumulated loss to capital in the market are from Insurance sector companies.

Note: All statistics in this report are based on market close prices on Feb 8, 2015

Best 15 Companies

Top price performers

Company	YTD %	P/Bv (x)	P/E (x)
Al TAWUNIYA Company	53.66	3.7	8.92
Saudi Industrial Export Co.	46.36	4.71	-
AL BABTAIN Company	45.42	2.41	10.88
Alinma Tokio Marine Co	42.57	12.05	-
Alujain Corporation	40.56	1.72	6.69
Saudi Arabia Refineries Co.	38.16	2.12	28.24
Allied Cooperative Insurance Group	33.45	4.89	45.04
Tourism Enterprise Co.	32.18	5.57	79.33
Saudi Arabian Co-op Insurance Co	31.2	6.27	18.37
Abdulmohsen Alhokair group	30.65	5.89	16.63
Allianz Saudi Fransi Coop Ins. Co.	29.29	4.79	43.3
Buruj cooperative Insurance	29.12	6.21	24.49
Dar Alarkan Real Estate	28.41	0.64	15.34
Alahli Takaful Co.	28.25	5.34	26.62
National Agriculture Development	27.83	2.18	20.01

Source: Bloomberg, AlJazira Capital

Worst 15 Companies

Worst price performers

Company	YTD %	P/Bv (x)	P/E (x)
Etihad Etisalat Co	-12.42	1.44	151.34
Saudi British Bank	-6.8	2.14	13.68
Aljazira Takaful Taawuni Co.	-3.56	6.17	-
Southern Province Cement Co.	-3.3	5	14.64
Bupa Arabia for Coop Insurance	-0.51	6.39	21.98
National Gas and Industrialization	-0.06	2.41	16.04
Saudi Telecom	0.17	2.18	11.95
City Cement Co	0.53	2.18	19.44
Arabian Cement Co	0.67	2.45	12.01
Savola Group	1.21	4.21	20.78
Saudi Marketing Company	1.37	5.85	27.38
Saudi Hollandi Bank	1.57	2.09	11.68
National Agriculture Marketing	1.63	12.5	45.61
Saudia Dairy and Foodstuff	2.15	4.3	18.13
Tabuk Cement Co	2.54	1.97	16.21

Source: Bloomberg, AlJazira Capital

Al Tawuniya is the best performing stock since the beginning of the year, appreciating **53.7%**, followed by Saudi Industrial Export Co. Al Babbain Co, achieving **46.4%**, **45.4%** respectively.

The list indicates that all companies have a returns above **25%** since the beginning of the year.

Etihad Etisalat Co. reported the highest negative return of **12.4%**. This was followed by Saudi British bank and Aljazira Takaful, with a stock price decline of **6.8%** and **3.6%** YTD, respectively.

The list indicates six companies negatively performed since the beginning of the year.

Top 15 Companies Weight to the market index

Company	% of TASI	No. of Free Shares (mn)	P/E (x)
Al Rajhi Bank	8.09%	1,186	12.22
Saudi Basic Industries Corp	6.89%	633	10.69
National Commercial Bank	5.22%	713	12.67
Jabal Omar Development	3.65%	546	116.76
Savola Group	3.58%	400	20.78
Samba Financial Group	3.18%	603	9.24
Riyad Bank	2.85%	1,423	11.71
Alinma Bank	2.71%	1,036	24.19
Banque Saudi Fransi	2.56%	648	10.73
Saudi Telecom	2.40%	325	11.95
Jarir Marketing Co	2.06%	89.9	22.58
Saudi Arabia Fertilizers Co.	2.03%	117.8	14.79
Saudi British Bank	2.01%	325	13.68
Etihad Etisalat Co	1.91%	444.3	151.34
Almarai Company	1.88%	203	27.3

Source: Tadawul, Bloomberg, AlJazira Capital
No. of shares in '000

Al Rajhi, which forms about **8.1%** of the Saudi market, followed by SABIC at **6.9%** and National Commercial Bank at **5.2%**, accounts for nearly 20% of the market index.

Notably, the most influential stocks in the Saudi market are traditionally from Banking, Petrochemical, and Telecommunication sectors, though some companies from other sectors include jarir Marketing, Jabal Omar, Almarai, and Savola.

Least 15 Companies Ratio of free to issued shares

Company	Issued Shares	Free Shares	F/I (%)
Kingdom Holding Company	37,05,882	1,853	5.00%
Saudi Telecom	20,00,000	3,251	16.30%
Saudi Electricity Company	41,66,594	7,158	17.20%
Petrochem	4,80,000	840	17.50%
Rabigh Refining and Petro Co.	8,76,000	1,610	18.40%
Saudi Basic Industries Corp	30,00,000	6,338	21.10%
Saudi Hollandi Bank	4,76,280	1,317	27.60%
Alabdullatif Industrial	81,250	243	29.90%
Abdulmohsen Alhokair Group	55,000	165	30.00%
Al Hammadi Development	75,000	225	30.00%
Saudi Marketing Co	35,000	105	30.00%
Al Alamiya for Cooperative Ins	40,000	120	30.00%
Aljazira Takaful Taawuni Co.	35,000	105	30.00%
Saudi Airlines Catering Co.	82,000	246	30.00%
Alinma Tokio Marine Co	20000	60	30.00%

Source: Tadawul, Bloomberg, AlJazira Capital
F/I refers to free to issued shares No. of shares in '000

Kingdom Holding Company has the lowest ratio of free-to-issue shares, where only **5.0%** of the **stocks issued are traded in the market**.

According to market statistics, five companies have less than **20%** of free floats, as government funds hold substantial proportions of their shares.

Best 15 Companies

Return on Equity (ROE)

Company	ROE (%)	YTD %	P/Bv (x)
Jarir Marketing Co	58.58	9.68	13.53
Al Hassan Ghazi Ibrahim Shaker	57.38	27.35	2.85
Saudi Airlines Catering Co.	54.85	5.5	13.12
Al-Tayyar Travel Group Holding Co.	44.39	12.29	7.04
Saudi vitrified clay pipes co.	41.62	13.96	6.02
Saudi Arabia Fertilizers Co.	39.35	8.48	-
Southern Province Cement Co.	36.54	-3.3	5
Fawaz Abdulaziz AlHokair Co	34.69	12.53	9.55
Bupa Arabia for Coop Insurance	34.31	-0.51	6.39
Saudi Cement Company.	33.51	3.75	4.73
Taiba Holding Co.	32.44	7.94	1.65
Advanced Petrochemical Co.	32.43	24.47	3.45
Herfy Food Services Co	32.19	20.84	8.01
Al TAWUNIYA Company	30.14	53.66	3.7
Abdulmohsen Al Hokair	29.61	30.65	5.89

Source: Bloomberg, AlJazira Capital

Best 15 Companies

Return on Assets (ROA)

Company	ROA (%)	YTD %	P/Bv (x)
Saudi Airlines Catering Co.	37.35	5.5	13.12
Saudi Arabia Fertilizers Co.	34.53	8.48	-
Jarir Marketing Co	31.75	9.68	13.53
Bupa Arabia for Coop Insurance	30.29	-0.51	6.39
Southern Province Cement Co.	28.78	-3.3	5
Saudi Arabian Coop Insurance Co	26.69	31.2	6.27
Al Hassan Ghazi Ibrahim Shaker	25.9	27.35	2.85
Qassim Cement Co	25.75	6.03	4.31
Taiba Holding Co.	25.45	7.94	1.65
Al TAWUNIYA Company	24.96	53.66	3.7
Saudi Cement Company.	24.28	3.75	4.73
Herfy Food Services Co	23.3	20.84	8.01
Saudi vitrified clay pipes co.	21.87	13.96	6.02
Advanced Petrochemical Co.	21.32	24.47	3.45
National Agriculture Marketing Co.	20.55	1.63	12.5

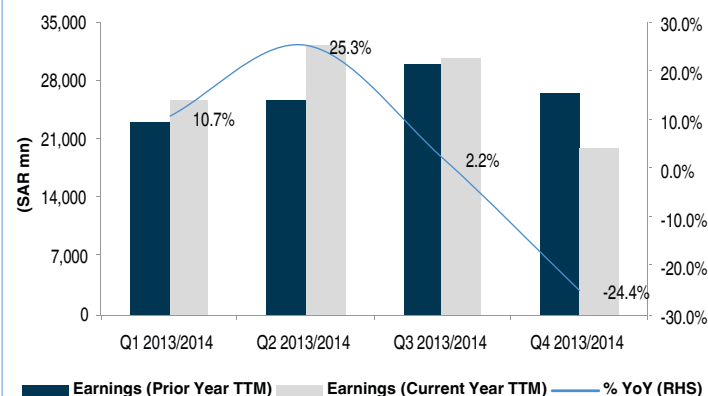
Source: Bloomberg, AlJazira Capital

Jarir led in terms of return on equity (RoE) at **58.6%** on TTM basis, followed by Al Hassan Ghazi Shaker at **57.4%**. The top 14 companies realized RoE of more than **30%**.

Saudi Airlines Catering Co. registered the highest return on assets (RoA) in the Saudi market at **37.3%**, followed by Saudi Arabia Fertilizers Co. at **34.5%**.

The top 15 companies generated RoA of more than **20%**.

Total net profit for listed companies in the Saudi Market



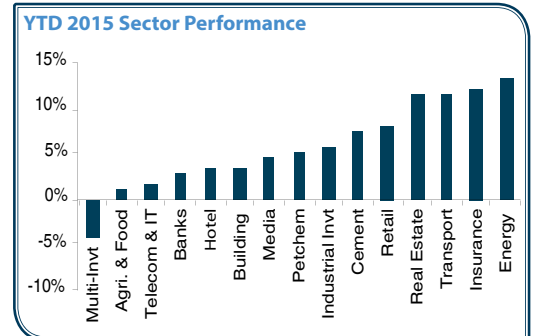
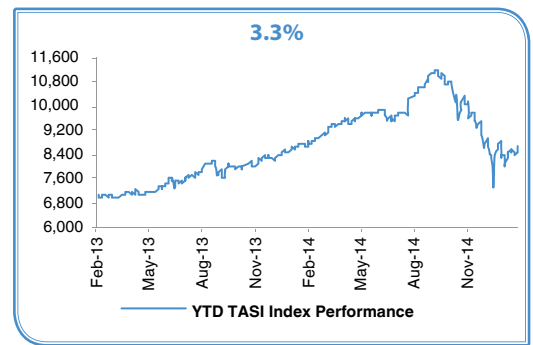
Source: Bloomberg, AlJazira Capital

The net earnings of companies listed on the TASI declined **24.4%** YoY during 4Q2014. The overall earnings for the quarter was SAR 19.8bn compared to SAR 26.4bn in the corresponding period last year. Banking and Petrochemicals accounted for more than 81.5% of the earnings. SABIC, Saudi Telecom, and National Commercial Bank were the major growth drivers, with 22.0%, 12.3%, and 9.2% share, respectively, in the total earnings in the quarter for all stocks listed on the TASI.

Sectors Performance

Sector	4Q2013		4Q2014		YoY Change%	4Q2014 Sector profit to Total
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		
Banks & Financial Services	8,481.40	0.68	9,703.30	0.76	14.40%	49.00%
Petrochemicals	9,812.40	1.28	6,431.10	1	-34.50%	32.50%
Cement	1,116.90	0.78	1,476.20	1.11	32.20%	7.50%
Retail	680.3	1.17	675.2	1.3	-0.70%	3.40%
Energy & Utilities	-658.7	-0.14	-1,765.30	-0.31	-168.00%	-8.90%
Agri & Food	1,126.10	0.87	1,168.50	0.8	3.80%	5.90%
Telecom & IT	4,784.80	1.69	-188.3	-0.57	-	-1.00%
Insurance	-1,185.90	-1.06	290.7	0.76	-	1.50%
Multi-Investment	291.6	0.12	310.7	0.1	6.50%	1.60%
Industrial Investment	235.8	0.22	594.6	0.39	152.20%	3.00%
Real Estate Development	663.9	0.17	825.5	0.24	24.5%	3.40%
Transport	433.6	0.98	199.8	0.44	-53.90%	1.00%
Media & Publishing	-55.3	-0.6	-39.5	-0.74	-28.50%	-0.20%
Hotel & Tourism	306.6	1.25	261.3	1.34	-14.80%	1.30%
Building & Construction	360.3	0.73	15	0.51	-95.80%	0.10%
Total Saudi Market	26,393.67	0.78	19,958.70	0.58	-24.4%	100.00%

Source: Tadawul website, AlJazira Capital

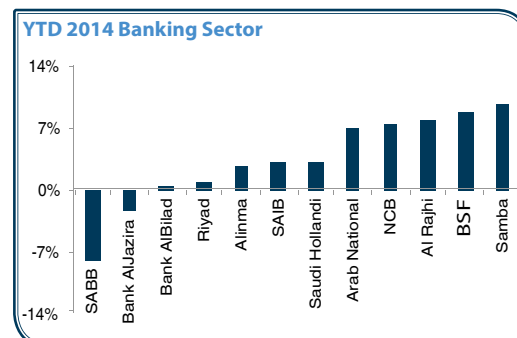
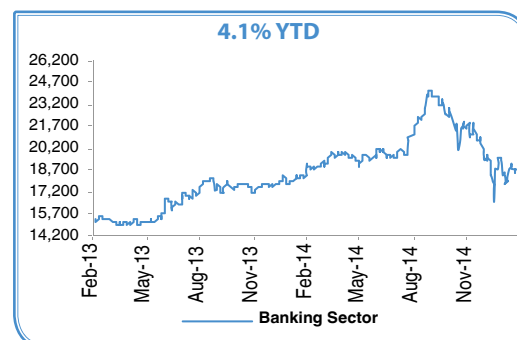


- The net profit for the Saudi market was SAR 19.9bn during 4Q2014 compared with **SAR 26.4bn** in 4Q2013, a **-24.4%** YoY decline.
- Weighted-average EPS for the Saudi market was **SAR 0.58** per share in the quarter.
- Index heavyweights Petrochemicals and Banking sectors contributed the majority of the total earnings, with **32.5%** and **49%** share, respectively, while the cement sector's net profit was **7.5%** of the total net profit of the Saudi market.
- Industrial Investment sector was the best performer in the Saudi market, with a profit of **SAR 595mn** at the end of 4Q2014 as compared to **SAR 236mn** at the end of 4Q2013. It was primarily driven by Saudi Arabian Mining Company, which posted a profit of **SAR 376mn** in 4Q2014 vis-à-vis SAR -29mn in 4Q2013.
- While eight sectors witnessed YoY decline in profit, seven sectors registered YoY growth in profit in 4Q2014. The combined PAT decline of eight sectors was **64%** YoY, led by the Energy & Utilities sector (down **168%** YoY) and combined PAT increase of seven sectors was **32%** YoY, led by the Industrial Investment sector.

Banking Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
Banque Saudi Fransi	273.6	0.23	851	0.71	211.00%	12.41	1.62	2.9
Saudi Hollandi Bank	347.3	0.73	461.9	0.97	33.00%	12.04	2.12	2.2
Bank AlJazira	150.3	0.38	199	0.5	32.40%	18.81	1.79	-
Samba Financial Grp	1,005.90	0.84	1,232.00	1.03	22.50%	10.18	1.34	3.3
Alinma Bank	279.9	0.19	332	0.22	18.60%	24.55	1.76	2.4
Arab National Bank	536.6	0.54	628.8	0.63	17.20%	11.34	1.57	1.7
BANK ALBILAD	213.7	0.53	248.9	0.62	16.50%	20.79	3.15	1.1
The Saudi Invest Bank	326.8	0.54	375	0.63	14.80%	11.15	1.34	3
Riyad Bank	1,030.30	0.35	1,060.00	0.35	2.90%	11.78	1.47	4.1
National Comm Bank	1,794.90	0.9	1,825.30	0.92	1.70%	13.58	2.63	1.1
The Saudi British Bank	975.5	0.98	969.4	0.97	-0.60%	12.56	2.11	2
Al Rajhi Bank	1,546.60	0.95	1,520.00	0.94	-1.70%	13.19	2.23	2.7
Total	8,481.40	0.68	9,703.30	0.76	14.41%	14.23	2.01	2.48

Source: Tadawul, Bloomberg, AlJazira Capital



After posting 10.6% YoY growth in 3Q2014, net earnings for Saudi Arabia's Banking sector increased 14.4% YoY to SAR 9.7bn in 4Q2014. The weighted-average EPS stood at **SAR 0.76 per share**.

Most banking stocks posted YoY increase in profitability, with Bank Saudi Fransi registering the maximum growth in earnings (up 211% YoY). Only Al Rajhi Bank and Saudi British Bank posted YoY decline in profitability (which was in low single digit).

Other heavyweights National Commercial Bank, Samba Financial, and Riyad Bank registered 1.7%, 22.5%, and 2.9% YoY growth, respectively.

Riyad Bank has the highest dividend yield in the sector at 4.1%.

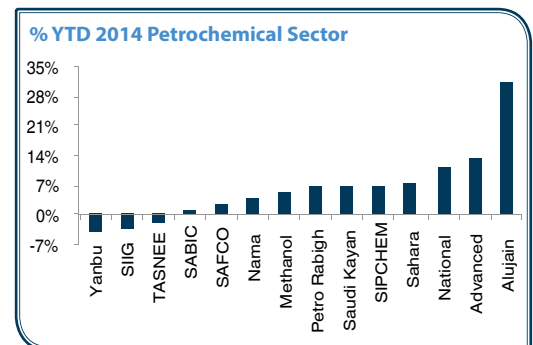
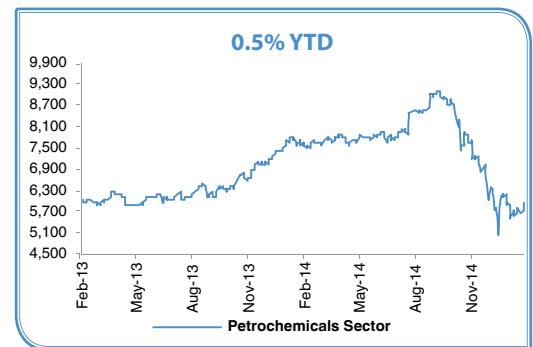
Following factors led to YoY fluctuations in net profits for some companies in the sector:

- **Al Rajhi Bank:** Marginal decline in profits was primarily due to 47% YoY drop in non-special commission income, resulting in low operating income which fell 12.9% YoY to SAR 3.09bn. The new regulations on fee income negatively impacted the company's profit growth.
- **Saudi Fransi:** A healthy YoY profit growth of 211% was primarily due to 12% YoY surge in special commission income, 8% increase in non-special commission income, and decline in provision expenses. Net special commission income was supported by 5% YoY growth in loans & advances, with 10% YoY rise in customer deposits and improvement in NIMs.
- **Riyad Bank:** The marginal increase in profits was primarily led by high provision expense despite 8.2% YoY rise in net special commission income and 17.4% YoY surge in non-special commission income.
- **Samba Financial:** The strong 22.5% YoY rise in net profit was primarily due to 5% YoY increase in net special commission income and a robust 32.6% YoY surge in the bank's non-interest income.
- **Saudi Hollandi Bank:** Strong profitability was driven by a robust 24% YoY growth in net special commission income and 13% YoY growth in non-special commission income. Loans & advances and deposits grew 22% and 24% YoY, respectively.
- **Saudi British Bank:** The bank's bottom-line fell marginally due to high provisions and increase in overall operating expenses. This was partially offset by a surge in net and non-special commission (up 9.6% YoY), driven by 8.6% YoY growth in loans and advances, and 5% YoY rise in customer deposits.

Petrochemical Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
Saudi Kayan Petro Co	3.4	0	11.8	0.01	244.80%	-	1.25	-
Petrochem	74.6	0.16	192.5	0.4	158.20%	15.14	2.39	-
Alujain Corp	33.8	0.49	65.2	0.94	92.70%	8.82	1.73	-
YANSAB	442.2	0.79	617.8	1.1	39.70%	10.35	1.65	6.0
Advanced Petro Co	161.3	0.98	200.1	1.22	24.10%	9.99	3.15	5.9
Saudi Arabia Fert. Co.	802	2.41	779.2	2.34	-2.80%	15.15	-	4.2
Saudi Basic Indus Corp	6,157.40	2.05	4,356.30	1.45	-29.30%	10.76	1.55	5.7
Sipchem	196.8	0.54	132.4	0.36	-32.70%	17.13	1.75	4.6
TASNEE	300.1	0.4	160.7	0.24	-46.50%	15.41	1.49	-
Sahara Petro Co.	178.2	0.41	92.2	0.21	-48.20%	18.19	1.23	5.2
Saudi Indus Invest Grp	203	0.45	85	0.19	-58.10%	11.86	1.63	3.6
Rabigh Ref & Petro Co	1,239.90	1.42	-197.9	-0.23	-	24.77	1.77	-
Methanol Chemicals Co	36	0.3	-18.2	-0.2	-150.60%	46.74	0.95	-
Nama Chemicals Co.	-16.3	-0.13	-45.9	-0.4	-181.10%	-	1.07	-
Total	9,812.40	1.28	6,431.10	1	-34.50%	15.13	1.72	3.4

Source: Tadawul, Bloomberg, AlJazira Capital



Net earnings for Saudi Arabia's Petrochemical sector was SAR 6.4bn during 4Q2014 as against SAR 9.8bn in 4Q2013, a 35% YoY decline, primarily led by heavyweights Rabigh Refinery (down 116% YoY) and SABIC (down 29% YoY). The weighted-average EPS stood at **SAR 1.0 per share**.

Nama Chemicals, Methanol Chemicals, and Rabigh Refinery were the worst performers in terms of YoY decline in 4Q2014. Five of 14 companies posted YoY growth in net profit, with Saudi Kayan rising 245% YoY to SAR 12mn, followed by National Petrochemicals, which increased 158% YoY to SAR 193mn.

YANSAB and Advanced Petro Company have high dividend yield at 6.0% and 5.9%, respectively. Alujain Corporation stock performed the best, with 31% YTD.

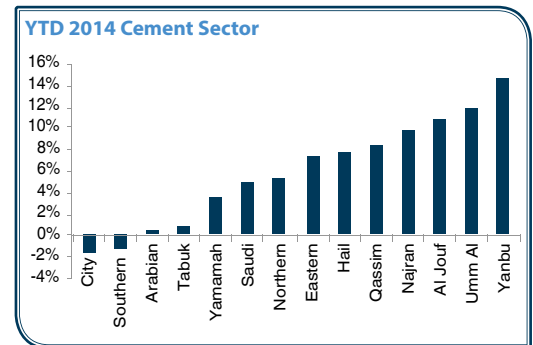
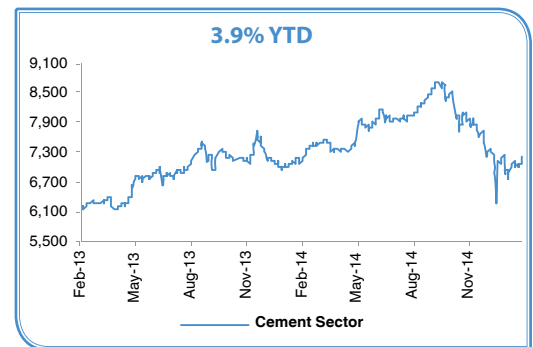
Following factors led to YoY fluctuations in net profits for some companies in the sector:

- **SABIC:** Lower average sales prices were partially offset by low costs of certain feedstock.
- **Petro Rabigh:** Steep crude oil price decline resulted in a significant decrease in the carrying value of inventory despite improvement in crack spread which partly offset the negative impacts.
- **SAFCO:** Despite the rise in sales price, sale of smaller quantities of ammonia, and lower share of associate profits led to marginal decline in profitability on YoY basis.
- **Tasnee:** 1) Price decline in titanium dioxide sector, 2) falling sales and prices of Acrylic Acid Complex products, and 3) decrease in Petrochemical sector.
- **SIIG:** 1) Decline in product prices due to lower oil prices and 2) re-evaluation of final product inventory prices.
- **Kayan:** 1) Decrease in feedstock prices, 2) decline in Zakat provision, and 3) rise in other incomes associated with foreign currency exchange gains. Profits grew YoY despite fall in average selling prices and sales quantity for most products apart from an increase in SG&A expenses and financial charges.

Cement Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
Arabian Cement Co	-106.7	-1.07	145.6	1.46	-	12.04	2.55	6.3
Najran Cement Co	20.4	0.12	64	0.38	213.80%	20.04	2.4	2.1
AL JOUF CEMENT CO	8	0.1	20.7	0.2	160.50%	33.51	1.46	-
Eastern Prov. Cement	54.6	0.64	78.7	0.92	44.10%	13.71	2.26	-
Hail Cement Co.	28.9	0.3	40.9	0.42	41.30%	16.26	2.27	2.4
Yanbu Cement Co.	160.2	1.02	193.3	1.23	20.60%	13.87	3.15	5.8
Northern Rgn Cement	51.6	0.29	60	0.33	16.40%	17.12	1.92	4.3
Saudi Cement Co	247	1.6	269.3	1.76	9.00%	14.32	4.79	6.2
Qassim Cement	135.3	1.5	134.2	1.49	-0.80%	14.65	4.18	6.3
City Cement Co	48.3	0.26	47.3	0.25	-2.00%	19	2.13	4.4
Southern Prov Cement	253.5	1.81	245.3	1.75	-3.20%	14.48	5.11	4.8
Yamamah Saudi Cem.	177.7	0.88	151.7	0.7	-14.60%	15	2.69	6
Tabuk Cement Co.	38.1	0.42	28.9	0.32	-24.20%	16.35	1.94	3.9
Umm Al-Qura Cem. Co	0	0	-3.7	-0.07	-	-	4.31	-
Total	1,116.90	0.78	1,476.20	1.11	32.20%	15.12	2.89	5.21

Source: Tadawul, Bloomberg, AlJazira Capital



Net earnings for Saudi Arabia's Cement sector increased 32% YoY to SAR 1.5bn in 4Q2014 from SAR 1.12bn in 4Q2013. The weighted-average EPS stood at **SAR 1.11 per share**.

Arabian Cement (up 236% YoY), Najran Cement (up 214% YoY), and Yanbu Cement (up 21%) registered robust earnings growth, while Tabuk Cement (down 24% YoY), Yamamah Cement (down 15.0% YoY), and Southern Province Cement Co. (down 3.2% YoY) led the decline in earnings.

Currently, five cement companies among the top 15 by dividend yield, led by Arabian Cement (6.3%) and Qassim Cement (6.3%), make an attractive proposition for investors to invest in the sector.

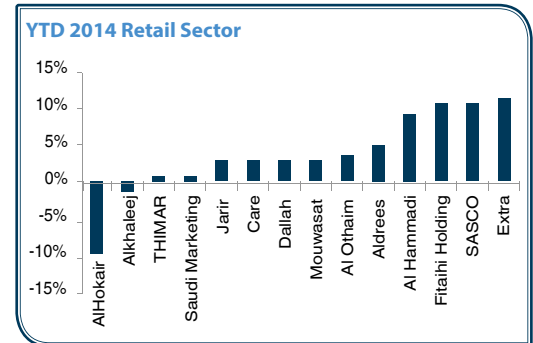
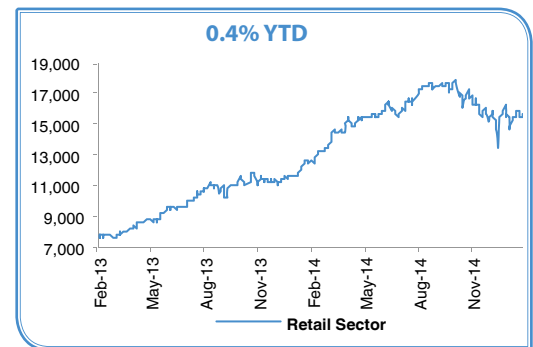
Following factors led to YoY fluctuations in net profits for some companies in the sector:

- **Saudi Cement:** Improvement in local demand, increase in the share of associated companies' profits, and decline in Zakat expenses.
- **Arabian Cement:** 1) Increase in sales revenue to SAR 430mn in 4Q2014 from SAR 349mn in 4Q2013, 2) improved performance of the subsidiary company due to rise in prevailing sales price in the Jordanian market, and 3) impairment loss of SAR 212mn related to the subsidiary company in Jordan in 4Q2013.
- **Najran Cement:** Higher sales volume despite lower average sales price and higher selling, administrative, and finance expenses. In 4Q2013, high costs of imported clinker used in cement production and arrears of withholding tax related to prior periods were witnessed.
- **Southern Province Cement:** In 4Q2013, impairment of miscellaneous income due to government subsidy for imported clinker was observed.

Retail Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
Fitaihi Holding Group	-0.7	-0.01	2.3	0.04	445.40%	28.28	1.67	2.2
Saudi Auto Services	12.7	0.28	46.9	1.04	268.20%	15.03	1.68	2.8
Jarir Marketing Co	160	1.78	200.8	2.23	25.50%	23.21	12.69	3.2
Aldrees Petro & Trans	26.4	0.66	31.3	0.78	18.60%	17.48	3.71	3.4
Abdullah Al Othaim	70	1.56	74.2	1.65	6.00%	22.83	5.58	1.4
Alkhaleej Training	31.3	0.89	32.2	0.92	2.60%	25.54	4.99	1.3
Al Hammadi Dev & Inv	33.3	0.44	33.7	0.45	1.20%	-	5.22	1.1
Mouwasat Medical	50.4	1.01	50.7	1.02	0.70%	26.48	6.19	1.6
Dallah Healthcare Hold	52.1	1.1	50.4	1.07	-3.40%	42.93	4.96	1.1
National Agri Mktg	5.6	0.56	5.1	0.51	-9.40%	45.88	12.3	-
Saudi Marketing Co	26.9	0.77	23.1	0.66	-14.00%	27.59	5.8	-
Fawaz AlHokair	133.3	0.63	106.2	0.51	-20.30%	23.72	7.69	1.4
National Med Care Co	20.4	0.45	9.8	0.22	-51.90%	27.17	3.03	2.7
United Electronics Co	58.4	1.94	8.4	0.28	-85.60%	22.18	4.98	3.1
Total	680.3	1.17	675.2	1.3	-0.70%	26.6	6.8	2.5

Source: Tadawul, Bloomberg, AlJazira Capital



Saudi Arabia's Retail sector declined marginally by 0.7% YoY in 4Q2014 from a 10.4% growth in 3Q2014. Net earnings remained flat at SAR 675.2mn in 4Q2014 vis-à-vis SAR 680.3mn in 4Q2013. The weighted-average EPS stood at **SAR 1.30 per share**.

Heavyweights Jarir and Fawaz AlHokair continued to dominate the sector, accounting for 45% of the total net profit during the quarter, amounting to SAR 307mn. While Jarir posted 26% YoY growth in net profit, Fawaz AlHokair reported 20% decline in net profit during 4Q2014.

In terms of dividend yield, Aldrees Petro & Trans topped the sector with 3.4% yield. While the YTD performance of Extra, SASCO, and Fitaihi holding was 11% each, Alhokair and Alkhaleej declined 9% and 1%, respectively.

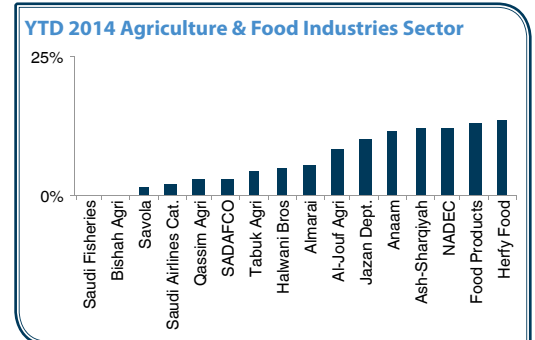
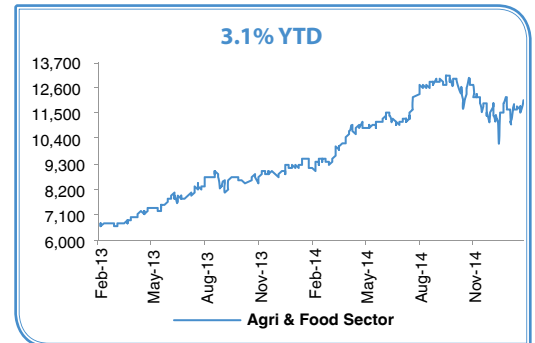
Following factors led to YoY fluctuations in net profits for some companies in the sector:

- **Jarir:** 1) Growth in sales for all sections and other Income, 2) increase in rent and capital profit of Alahsa showroom, as the number of showrooms rose to 36 from 32, and 3) decrease in SG&A expenses and financial charges due to decline in borrowings.
- **AlHokair:** 1) Seasonal factors such as falling numbers of Hajj pilgrims, 2) increase in SG&A expenses due to investment in new stores, and 3) increase in financing cost.
- **Al Othaim:** Sales from existing and new branches grew 15.6% despite a 17.5% decline in rent revenue.
- **Fitaihi holding:** Sales increased 31% YoY to SAR 72mn in 4Q2014 from SAR 55mn in 4Q2013, improving gross profit to SAR 32mn from SAR 22mn in 4Q2013.
- **Dallah Healthcare:** 1) Rise in SG&A expenses due to the expansion of various hospital facilities and other expansion activities, and 2) increase in the provision for doubtful accounts in relation to surge in sales. The overall sales increased due to a rise in the number of inpatients and outpatients.

Agriculture & Food Industries Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y(%)
Ash-Sharqiyah Dev Co	-0.9	-0.13	0.2	0.03	-	-	10.42	-
Jazan Dev Co.	-50.1	-1	5.7	0.11	-	96.5	1.28	-
Tabuk Agri Dev Co.	-19.9	-0.4	1.7	0.04	-	71.7	1.49	1.9
Saudi Airlines Cater Co	127.2	1.55	172.8	2.11	35.90%	23.8	12.7	3.1
National Agri Dev Co.	14.8	0.21	20	0.29	35.20%	22.47	1.91	-
Almarai Company	373.3	0.63	428	0.72	14.70%	29.49	4.47	1.2
Halwani Bros	22.5	0.79	23.6	0.83	4.90%	26.13	3.91	2.4
Al-Jouf Agri Dev Co.	36.5	1.22	37	1.23	1.40%	12.36	1.78	2.3
Herfy Food Services	51.3	1.11	48.7	1.05	-5.20%	24.81	7.53	2.7
Anaam Intl Holding	-11.6	-0.59	-12.9	-0.66	-11.10%	-	3.67	-
Saudi Fisheries Co.	-14.1	-0.26	-11.7	-0.22	-16.90%	-	5.54	-
Qassim Agri Co.	-6.2	-0.12	-5	-0.1	-19.30%	-	1.86	-
Saudia Dairy & Food	38.6	1.19	30.2	0.93	-21.60%	24.09	4.33	2.9
Savola Group	564.2	1.08	434.4	0.79	-23.00%	20.79	4.23	2.5
Bishah Agri Dev Co.*	-0.7	-0.14	-1.1	-0.22	-63.10%	-	-	-
Food Products Co.	1.3	0.07	-3.3	-0.16	-	1311.72	3.56	1.3
Total	1,126.10	0.87	1,168.50	0.8	3.80%	25.2	4.11	1.27

Tadawul, Bloomberg, AlJazira Capital *Suspended from Trading



Net earnings for Saudi Arabia's Agriculture and Food sector grew in low single digit at c.4% YoY to SAR 1,169mn during 4Q2014 as against SAR 1,126mn in 4Q2013. The weighted-average EPS was **SAR 0.8 per share**.

The sector's flat performance was due to high-weight stocks, including Savola, with earnings declining 23% in 4Q2014. Other major players, including Almarai and Saudi Airlines Catering contributed to the overall growth in the sector, with the net profit rise of 15% and 36%, respectively.

Saudi Airlines Catering was the highest and second-highest in terms of RoA and RoE, respectively, among all TASI-listed companies. The company also leads in dividend yield (3.1%) in the sector. Herfy Foods rose 14% YTD, the highest in the sector.

Following factors led to YoY fluctuations in net profits for some companies in the sector:

- **Almarai:** 1) Growth in quarter sales of 10.7%, led by continuous sales growth in poultry, dairy & juice segments by 34.1% and 10.7%, respectively, despite a 3.8% fall in the sales of the Bakery segment, 2) relatively stable cost of sales led to a 24.0% growth in gross profit, 3) SG&A and depreciation increased due to continuous infrastructure expansion, and 4) reduction in net finance costs. Overall net profit rose for all business segments, except poultry, which lowered losses by 43.0% to SAR 72.0mn.
- **Savola:** 1) Net income fell in 4Q2014 from 4Q2103, as the latter witnessed capital gains of SAR231mn from land sale to Al-Madinah Al-Munawwarah to Knowledge Economic City, and 2) the impact of accounting treatment for operations in Iran and Sudan, along with balance sheet and income statement adjustments, and the full-year impact recognized in Q42013.
- **Saudi Airlines Catering:** Robust increase in sales of 10% YoY, led by strong inflight sales (up 6% YoY), Al Fursan Lounges sales (up 41% YoY), sky sales (up 16% YoY), and non-airlines sales (up 32%) were key growth drivers. Moreover, various cost provisions contributed to the overall net profit growth.

Telecom.& IT Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
Zain	-462.3	-0.4	-306.5	-0.3	33.70%	-	1.37	-
Etihad Atheeb Tel Co	-67.6	-0.4	-47.7	-0.3	29.50%	-	1.64	-
Saudi Telecom	3,622.70	1.8	2,442.40	1.2	-32.60%	12.1	2.21	5.4
Etihad Etisalat Co	1,692.00	2.2	-2,276.50	-3	-	137.18	1.44	3.3
Saudi Integrated Tel*	-	-	-	-	-	-	-	-
Total	4,784.80	1.69	-188.3	-0.57	-103.90%	35.36	1.72	3.6

Source: Tadawul, Bloomberg, AlJazira Capital *Suspended from Trading

Similar to that in 3Q2014, Saudi Arabia's Telecom sector failed to continue its strong performance in 4Q2014, with a sharp 104% YoY decline to post net loss at SAR 188mn compared to a profit of SAR 4.8bn in the previous year. Overall sector performance was weak, primarily due to a slump in the profitability of Etihad Etisalat (down 235% YoY). The weighted-average EPS for 4Q2014 fell to **SAR -0.57 per share** from SAR 1.69 per share in the previous year.

Saudi Telecom Company (STC) shows a worse performance in the quarter, with profits falling 33% to SAR 2.4bn, followed by a massive 235% YoY decline in Etihad Etisalat, posting a net loss of SAR 2.3bn.

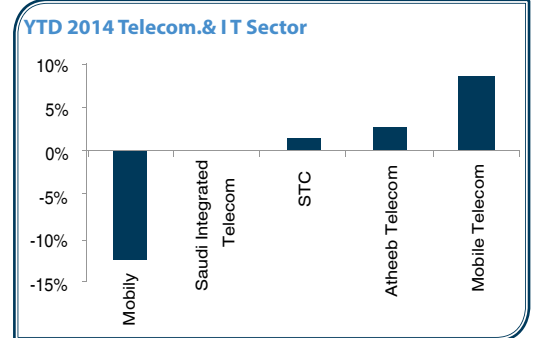
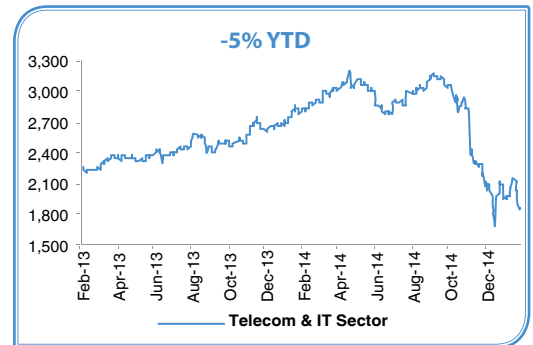
Zain and Etihad Atheeb Telecommunications reduced their losses to SAR 307mn and SAR 48mn in 4Q2014 from SAR 462mn and SAR 68mn in 4Q2013, respectively.

The YTD performance of Zain is the highest (9% gain), while Etihad Etisalat is down by 12% YTD.

Saudi Telecom has the highest dividend yield in the sector at 5.4%.

Following factors led to YoY fluctuations in net profits for major companies in the sector:

- **Saudi Telecom:** 1) Increase in operating expenses, 2) loss from investment of SAR 164mn accounted for equity method versus gains of SAR 754mn in 4Q2013, and 3) higher zakat payment worth SAR 110mn, a 178% rise from that in 4Q2013.
- **Etihad Etisalat:** 1) Fall in revenues (mainly due to a decrease in non-recurring revenues from FTTH (fibre to home) capital leases, data center capacity sale agreements, and equipment sales; 2) increase in operating expenses; 3) higher depreciation and finance expenses; and 4) exceptional (one-off) expenses during 4Q2014.
- **Zain:** 1) Improvement in gross profit due to rising demand for internet segment services, 2) decline in repair and maintenance expenses, and 3) adjustment of the useful life of some assets of the company.

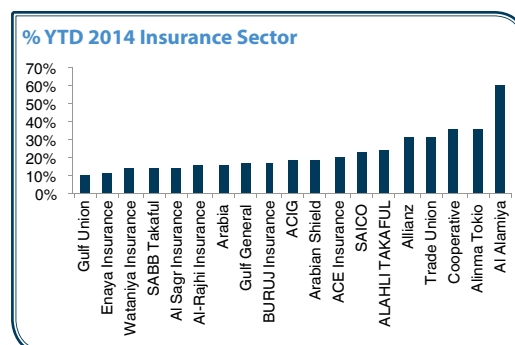
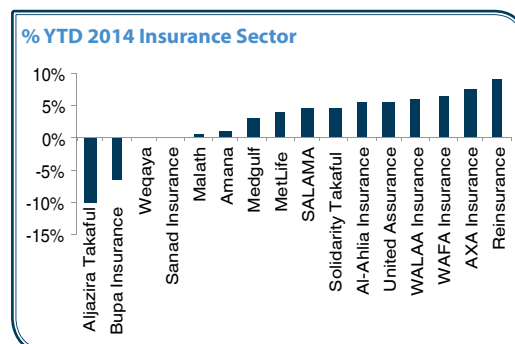
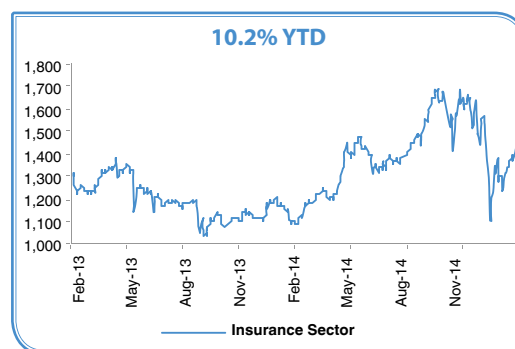


Insurance Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y(%)
ALAHLI TAKAFUL	1.3	0.1	10.2	0.6	702.70%	33.18	5.19	-
Allianz Saudi Fransi	1.6	0.1	11.4	0.6	614.60%	57.19	4.87	-
BURUJ COOP	2.1	0.2	7.9	0.6	282.90%	48.83	6.12	-
Arabian Shield Coop	3	0.1	9.7	0.5	227.50%	80.08	3.27	-
Arabia Insurance Coop	-13.3	-0.7	13.1	0.7	-	-	7.29	-
Saudi Indian Company	-5.4	-0.5	2.4	0.2	-	-	11.33	-
Wataniya Insurance	-28.1	-2.8	9.5	1	-	447.05	12.17	-
Saudi Arabian	-8.5	-0.8	2.6	0.3	-	22.64	5.9	-
Tawuniya Company	-533.4	-5.3	159.6	1.6	-	12.12	3.27	1.93
Malath Cooperative	-6.6	-0.2	1.9	0.1	-	-	3.3	-
The Medi & Gulf Ins	-244.5	-2.4	51.9	0.5	-	36.39	4.56	-
Al Alamiya for Coop	-9	-0.2	1.5	0	-	-	42.79	-
Al-Rajhi Company	-10.9	-0.5	0.1	0	-	-	7.72	-
Cooperative Insurance	-57.9	-2.1	0.4	0	-	-	5.22	-
Saudi Re for Coop	-90.3	-0.9	-6.7	-0.1	92.60%	164.11	1.13	-
Sanad Insurance	-17.2	-0.9	-1.7	-0.1	90.10%	-	6.72	-
Salama Coop Ins	-24.5	-2.5	-2.7	-0.3	88.80%	69.31	9.13	-
Gulf General Coop	10	0.5	17.1	0.9	70.70%	152.23	3.24	-
Solidarity Saudi Taka.	-74.9	-1.4	-34.3	-0.6	54.20%	-	4.12	-
ACE ARABIA COOP	6.3	0.6	9.6	1	52.50%	49.1	3.39	-
United Coop Assu	-103.7	-3.7	-60.5	-2.2	41.70%	110.72	2.49	-
Bupa Arabia for Coop	91.5	2.3	123.9	3.1	35.30%	20.57	6.01	-
Al Sagr Co-operative	11.9	0.5	14.4	0.6	20.90%	50.34	2.25	-
SABB Takaful	4.9	0.1	5.7	0.2	17.40%	71.39	3.42	-
Al-Ahlia Ins Company	-18.7	-0.6	-21	-0.7	12.30%	-	2.3	-
Saudi Enaya Coop Co	-17.2	-0.4	-17.1	-0.4	-0.50%	-	4.62	-
Amana Coop Ins	17.7	0.6	13.4	0.4	-24.20%	-	3.99	-
Alinma Tokio Marine	-8.9	-0.4	-11.6	-0.6	-29.80%	-	11.53	-
AXA Coop Insurance	-0.9	0	-1.2	-0.1	-33.90%	46.21	3.64	-
Allied Coop Ins	4.9	0.2	1.9	0.1	-61.10%	53.9	4.33	-
Gulf Union Coop	-21.5	-1	-1.9	-0.1	-91.20%	-	3.52	-
Saudi United Coop	12.5	0.6	-9	-0.4	-	97.6	2.7	-
Weqaya Takaful *	-57.9	-2.9	-	-	-	-	43.96	-
Aljazira Takaful Taaw *	0	0	-2	-0.1	-	-	-	-
MetLife AIG ANB *	0	0	-7.8	-0.4	-	-	7.6	-
Total	-1,185.90	-1.06	290.7	0.76	-	87.63	4.29	0.31

Source: Tadawul, Bloomberg, Aljazira Capital

*No data available for comparison,



Saudi Arabia's Insurance sector registered net profit of SAR 291mn during 4Q2014 compared to SAR -1.2bn in the previous year. The sector posted weighted-average profit of **SAR 0.76 per share** in the quarter.

Cooperative Insurance (Tawuniya), with the biggest weight in the sector index, posted net profit of SAR 160mn in the quarter compared to a loss of SAR -533mn in the previous year, contributing maximum growth to the sector. Other heavyweights MEDGULF and Bupa Arabia posted net profit of SAR 52mn and SAR 124mn, respectively, in 4Q2014, as against SAR -245mn and SAR 92mn, respectively, in 4Q2013. With 25 of total 35 companies in the sector reporting gains, the sector's overall performance remained positive.

Al Alamiya, Alinma Tokyo, Cooperative Insurance, Trade Union Insurance, and Allianz are among the best performers in terms of YTD gains, up 59%, 36.4%, 35.9%, 31.6%, and 31.5%, respectively. Tawuniya Company has the highest dividend yield (1.93%) in the sector.

Following factors led to YoY fluctuations in net profits for some companies in the sector:

- **Tawuniya:** Net earned premiums rose 12%, led by growth in gross premiums written. Net claims incurred decreased 44%.
- **MEDGULF:** Improvement in net underwriting due to change in the pricing policy enhanced product profitability.

Energy & Utilities Sector

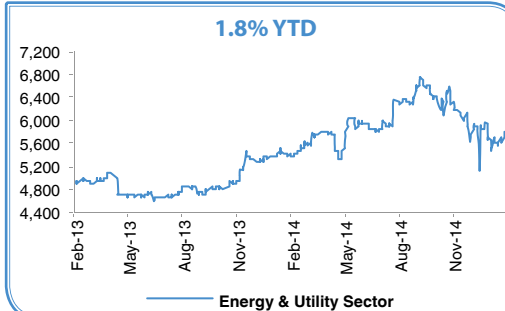
Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
National Gas	2.6	0.03	36.5	0.49	1312.00%	16.02	2.4	5.5
Saudi Electricity	-661.3	-0.16	-1,801.80	-0.43	-172.50%	20.49	1.08	3.9
Total	-658.7	-0.14	-1,765.30	-0.31	-168.00%	19.65	1.31	4.89

Source: Tadawul website, AlJazira Capital

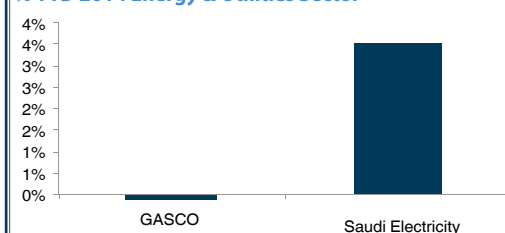
Saudi Arabia's Energy & Utilities sector reported net loss of SAR 1,765mn during 4Q2014 vis-à-vis SAR 659mn in the corresponding quarter of the previous year, a 168% YoY decline. SEC's weak performance (down 172% YoY) led to the fall in growth. The weighted-average EPS was **SAR -0.31 per share**.

Dividend yield for SEC was 3.9%, while that for National Gas was high at 5.5%.

Loss increased for SEC in 4Q2014 due to the implementation of the convention on the use of the transport system, and high consumption.



% YTD 2014 Energy & Utilities Sector



Hotel & Tourism Sector

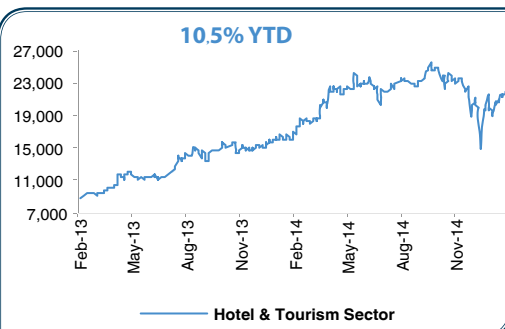
Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
Al-Tayyar	208	1.4	236	1.6	13.50%	17.55	6.93	1.61
Tourism Enterprise Co.	0.5	0.07	0.6	0.05	4.70%	95.85	4.99	-
Abdulmohsen Alhokair	60.9	1.1	50.2	0.91	-17.60%	19.54	5.3	1.62
Saudi Hotels & Resort	37.2	0.37	-25.4	-0.25	-168.40%	30.54	1.8	-
Total	306.6	1.25	261.3	1.34	-14.80%	18.4	5.75	1.53

Source: Tadawul, Bloomberg, AlJazira Capital
*YTD data not available

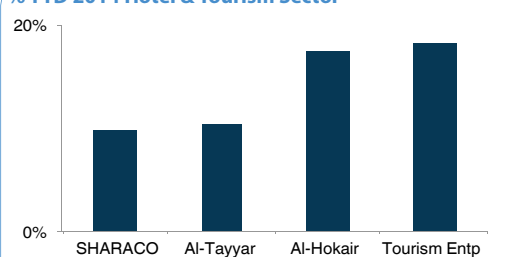
Net earnings of Saudi Arabia's Hotel and Tourism sector stood at SAR 261mn during 4Q2014 compared to SAR 307mn in 4Q2013, a 14.8% YoY decline. The weighted-average EPS was **SAR 1.34 per share**.

Earnings growth in the sector was driven by heavyweight Al-Tayyar, with 13.5% YoY increase in net earnings.

Dividend yield for Al-Tayyar Travel Group Holding Co. and Abdulmohsen AlHokair was 1.6% each.



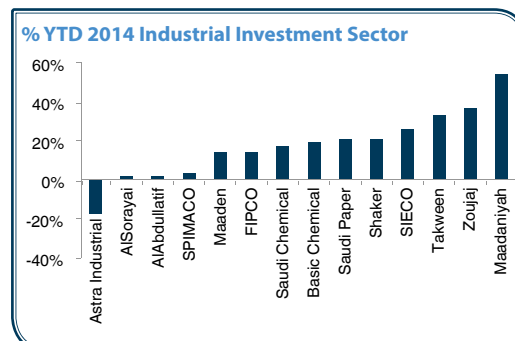
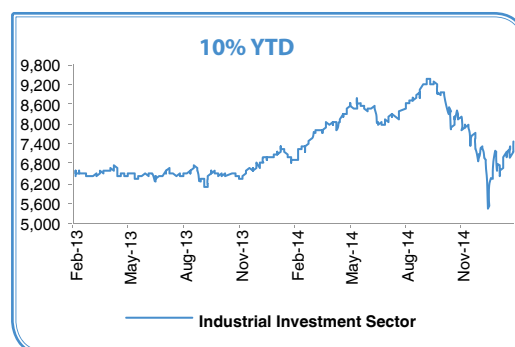
% YTD 2014 Hotel & Tourism Sector



Industrial Investment Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y(%)
Saudi Arabian Mining	-29.2	-0.03	376	0.3	-	26.4	1.57	-
Al Hassan Ghazi	-31	-0.89	8.5	0.24	-	5.95	2.45	3.5
Basic Chemical Indus	3.7	0.13	6.5	0.24	75.10%	42.34	2.17	2.7
Zoujaj	9.8	0.33	15.7	0.52	60.30%	18.25	1.81	4.6
Saudi Pharma Indust.	57	0.48	91.3	0.76	60.10%	15.42	1.45	1.6
Takween Adv Indus	-1.5	-0.04	-0.8	-0.02	48.40%	29.4	3.35	1.1
Saudi Chemical Co	74.8	1.18	66.5	1.05	-11.10%	12.2	2.24	3.0
Filing & Packing Mfg	6.2	0.54	5.5	0.48	-11.30%	24.99	3.37	1.9
ALABDULLATIF	62.7	0.77	30.3	0.37	-51.60%	14.14	2.28	5.4
Saudi Paper Mfg Co.	7.2	0.16	3.2	0.07	-56.20%	45.3	1.69	-
Astra Industrial Group	72.3	0.98	25.7	0.3	-64.40%	23.3	1.38	-
Saudi Indus Export	0.3	0.03	0.1	0.01	-82.40%	199.08	4.01	1.1
National Metal Mfg	1.7	0.06	-4.4	-0.16	-	47.67	2.51	1.4
Al Sorayai Trading	1.7	0.04	-29.5	-0.79	-	-	1.23	3
Total	235.8	0.22	594.6	0.39	152.20%	21.21	1.89	2.04

Source: Tadawul website, AlJazira Capital



Saudi Arabia's Industrial Investment sector earnings rose 152% YoY in 4Q2014 after falling 58% YoY in 4Q2013. The net profit surged to SAR 595mn in 4Q2014 from SAR 236mn in 4Q2013. The weighted-average EPS for the quarter was **SAR 0.39 per share**.

Even as 8 of the 14 companies posted YoY decline in net profit, the overall sector witnessed robust YoY growth, primarily led by strong performance from heavyweights Saudi Arabian Mining Company (Maaden) (up 1,387%) and Saudi Pharma Industry (up 60%).

Al Sorayai Trading posted the highest YoY decline of 1,868%, followed by National Metal Manufacturing and Saudi Industrial Export with 355% YoY and 82% YoY decline, respectively; this was followed by other companies.

Alabdullatif has the highest dividend yield in the sector at 5.4%.

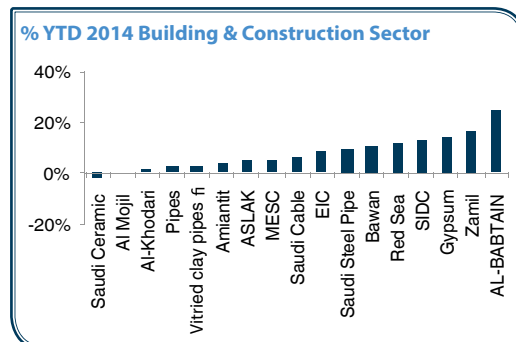
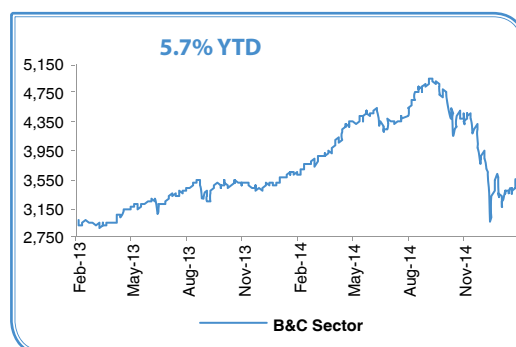
YoY fluctuations in net profits for some companies in the sector were due to the following:

- **Saudi Arabian Mining:** 1) Higher sales growth due to rise in prices and quantities of all products, except gold, and 2) increase in other income and decrease in general & administrative.
- **Saudi Chemical:** Net profit growth declined, primarily led by decrease in sales.
- **Saudi Paper:** Lower revenues due to decrease in the sales of paper rolls. However, the decline was offset by an increase in investment income and fall in provision expenses to some extent.
- **Al Sorayai Trading:** Decrease in sales prices and increase in the cost of production & provision of slow moving items as well as unrealized losses from share investment portfolio during the quarter.

Building & Construction Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
National Gypsum Co	0.2	0	2.3	0.1	1372.70%	40.88	1.79	3
Abdullah AM Al-Khod.	8.5	0.2	45.6	0.9	438.70%	16.25	1.86	1.6
AL-BABTAIN	19.8	0.5	30.4	0.7	53.70%	13.57	2.06	3
Saudi Cable Co.	-73.9	-1	-61.5	-0.8	16.80%	-	1.74	-
Zamil Industrial	60.1	1	64.9	1.1	8.00%	12.65	1.89	3.7
Saudi vitrified clay	24.5	1.6	24	1.6	-2.00%	13.86	5.52	5.1
Bawan Company	38.9	0.8	37.2	0.7	-4.30%	14.89	3.45	1
Electric Industries Co	66.1	0.9	59	0.8	-10.80%	15.83	4.78	1.7
Saudi Ceramic Co.	73.3	2	59.8	1.6	-18.30%	12.57	2.27	1.9
Red Sea Hsg Services	43.5	0.7	29.3	0.5	-32.70%	15.48	2.5	2.5
Saudi Arabian Amiantit	34	0.3	19.9	0.2	-41.50%	18.32	1.07	-
United Wire Factories	24.7	0.6	12.9	0.3	-47.80%	17.49	3.15	3.4
Saudi Steel Pipe Co	11.8	0.2	5.3	0.1	-55.20%	42.32	1.67	-
Arabian Pipes Co	37.9	0.9	-20.3	-0.5	-	-	1.16	-
MESC	1.9	0	-5.7	-0.1	-	-	2.85	-
Saudi Industrial Dev	7	0.2	-31.8	-0.8	-	90.16	1.51	-
Mohammad Al Mojil*	-18	-0.1	-256.4	-2.1	-1324.40%	-	-	-
Total	360.3	0.73	15	0.51	-95.80%	43.09	2.52	3.1

Source: Tadawul, Bloomberg, AlJazira Capital *Suspended from Trading



Net profit for Saudi Arabia's Building & Construction sector stood at SAR 15mn in 4Q2014 compared to a profit of SAR 360.3mn in 4Q2013. The weighted-average EPS for the quarter was **SAR 0.51 per share**.

Twelve of 17 companies reported a YoY decline in net profit, with Mohammad AL Among posting the highest loss in the sector at SAR 256mn in 4Q2014, a 1,324% YoY fall. This was followed by Saudi Industrial Development and MESC posting 553% and 397% YoY decrease to SAR -32mn and SAR -6mn, respectively, during 4Q2014.

Shares of Al-Babtain is among the best performers in terms of YTD gains, at 24%. Saudi vitrified clay topped the sector in terms of dividend yield, with 5.1% return.

Following factors led to YoY fluctuations in net profits for some companies in the sector:

- **Mohammad Al Mojil Group:** Key reasons for YoY decline – 1) cost of revenue exceeded the contract revenue by SAR 111.1mn in 4Q2014, while contract revenue exceeded the cost of revenue by SAR18mn in 4Q2013, 2) shortage of cash resulted in lower resource and productivity vis-à-vis 4Q2013, and 3) provisions against contract costs at SAR 88mn in 4Q2014 vis-à-vis provision reversal of SAR 1.8mn in 4Q2013.
- **National Gypsum:** Strong profit growth of 1,373% YoY was primarily led by increase in sales.
- **Saudi Ceramic:** Lower profit due to increase in selling & marketing expenses, general & administrative expenses, and Zakat provision.
- **Zamil:** Improvement in sales and operating Income in air-conditioners sector. No adverse currency impact of the Indian rupee and Egyptian pound compared to that during the same period last year.

Multi-Investment Sector

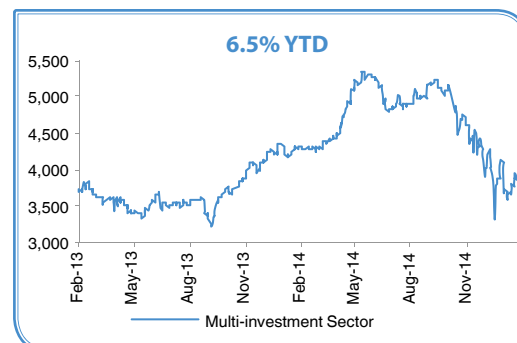
Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
Saudi Arabia Ref	-0.8	-0.05	1.8	0.11	-	36.21	1.97	-
Al-Baha Invest & Dev	-6.1	-0.41	-0.9	-0.06	85.60%	-	42.78	-
Saudi Indus Services	11.8	0.17	18.5	0.27	56.90%	17.84	1.28	2.9
Kingdom Holding Co	231.2	0.06	266	0.07	15.00%	78.17	2.07	2.8
Aseer Trading, Mfg	40.3	0.32	36.2	0.29	-10.00%	17.61	1.26	3.8
Saudi Adv Indus Co.	4.6	0.11	2.3	0.05	-49.40%	59.93	1.15	2.4
Al-Ahsa Development	10.7	0.22	-13.2	-0.27	-	-	1.58	-
Total	291.6	0.12	310.7	0.1	6.50%	47.66	1.77	2.30

Source: Tadawul, Bloomberg, AlJazira Capital

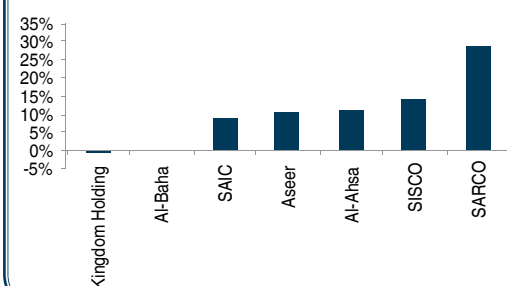
Net earnings of Saudi Arabia's Multi-investment sector grew 6.5% to SAR 311mn during 4Q2014 from SAR 292mn in 4Q2013. The weighted-average EPS stood at **SAR 0.1 per share** for 4Q2014.

Profits grew for four of seven companies in the sector. Sector heavyweights Aseer Trading and Kingdom Holding Company reported -10% and 15% YoY growth in earnings, respectively. Saudi Arabia Refineries Company posted the highest YoY earnings growth of 321%.

Aseer has the highest dividend yield in the sector at 3.8%.



% YTD 2014 Multi-Investment Sector



Transport Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
BUDGET	37.5	0.92	44.7	1.1	19.10%	18.35	4	2.2
Saudi Public Transport	34.4	0.28	34.7	0.28	1.00%	31.29	2.15	2.9
Bahri	280.3	0.89	123.5	0.36	-56.00%	23.22	1.94	2.6
Mubarrad	81.4	4.52	-3.1	-0.17	-	16.33	2.92	1.3
Total	433.6	0.98	199.8	0.44	-53.90%	23.77	2.27	2.64

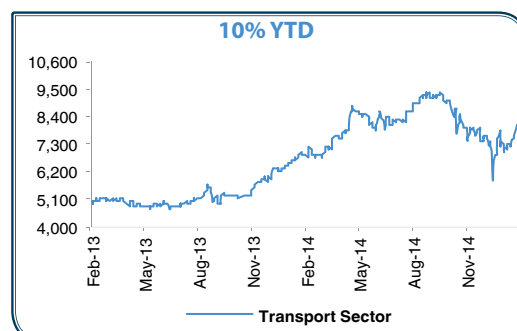
Source: Tadawul website, AlJazira Capital.

Net earnings of Saudi Arabia's Transport sector stood at SAR 200mn during 4Q2014 compared to SAR 434mn in 4Q2013, a 54% YoY decline. The weighted-average EPS was **SAR 0.44 per share**.

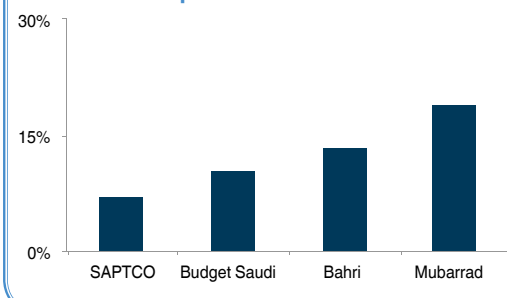
Earnings grew for two of four companies in the sector, with BUDGET and Saudi Public Transport rising 19% and 1% YoY, respectively.

Mubarrad lost SAR 3mn in 4Q2014 from a profit of SAR81mn in 4Q2013, the highest YoY decline of 104% in the sector. Bahri Company followed, with a 56% YoY decline to SAR 124mn in 4Q2014 from SAR 280mn in 4Q2013.

Saudi Public Transport shares ranked first in terms of dividend yield at 2.9%.



% YTD 2014 Transport Sector

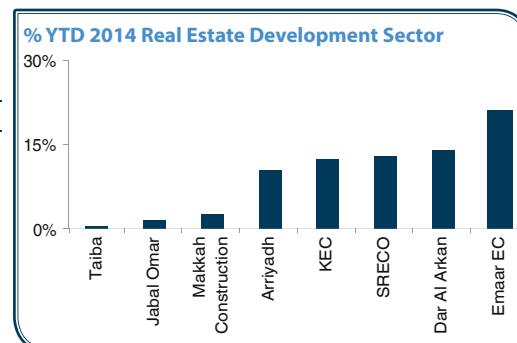
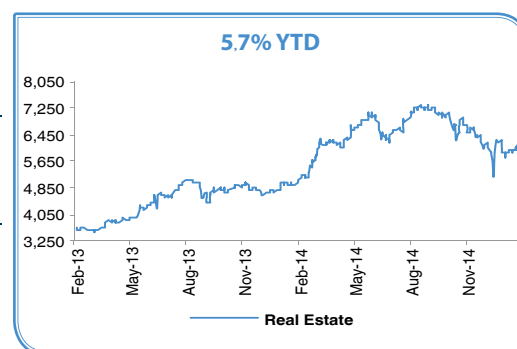


Real Estate Development Sector

Company Name	4Q2012		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y(%)
Taiba Holding Co.	64.5	0.4	278.4	1.9	331.80%	5.04	1.53	3.7
Saudi Real Estate Co.	58.4	0.5	132.2	1.1	126.50%	16.28	1.31	2.7
Arriyadh Development	45.3	0.3	53.4	0.4	17.90%	15.54	1.75	4.4
Makkah Const & Dev	78	0.5	85	0.5	9.00%	41.06	2.24	3.1
Dar Alarkan RE Dev	156.8	0.1	115.6	0.1	-26.30%	17.81	0.57	-
Emaar The Eco City	254.3	0.3	69.1	0.1	-72.80%	-	1.49	-
Knowledge Eco City	9.1	0	-58	-0.2	-	-	2.01	-
Jabal Omar Dev Co *	-2.53	0	149.8	0.16	-	116.03	5.26	-
Total	663.9	0.17	825.5	0.39	24.4%	30.51	1.87	1.28

Source: Tadawul, Bloomberg, AlJazira Capital

*Q1-1436 A.H



Net profit for Saudi Arabia's Real Estate Development sector increased 24.4% YoY to SAR 825.5mn in 4Q2014 from SAR 663.9mn in 4Q2013. Weighted-average EPS for the quarter was **SAR 0.39 per share**.

Taiba Holding Co. posted the highest net earnings growth of 332% YoY in 4Q2014, with a profit of SAR 278mn compared to SAR 64mn in the corresponding period the last year.

While all companies contributed to the profitability of the sector, Knowledge Eco City posted net loss of SAR -58mn in 4Q2014 as against net profit of SAR 9mn in 4Q2013, a 740.1% YoY decline. Other companies which registered YoY decline in net profit include Dar Alarkan Real Estate Development (down 26% YoY) and Emaar The Economic City (down 73% YoY). After Taiba, Saudi Real Estate's net profit grew an impressive 126.5% YoY to SAR 132mn in 4Q2014 from SAR 58mn in 4Q2013.

Shares of Emaar Economic City are among the best performers in terms of YTD gains, posting 21% increase. Arriyadh had the highest dividend yield among its peers in the sector, with 4.4% return.

YoY fluctuations in net profits for some companies in the sector was due to the following:

- **Knowledge Economic City:** Net loss due to 1) settlement infrastructure costs recorded as assets under construction during the development period and in conjunction with the sale and delivery of villas built at Dar Aljwar phase-1, and 2) the need for maintenance and management of Dar Aljwar phase-1.
- **Saudi Real Estate:** Higher profits due to SAR 68.3mn profit from land sale and revenues from investee companies during the quarter.
- **Emaar:** Net profit fell in 4Q2014 due to decrease in the sales of residential and industrial land.

Media and Publishing Sector

Company Name	4Q2013		4Q2014		YoY Change%	4Q2014		
	Net Profit (SARmn)	EPS (SAR)	Net Profit (SARmn)	EPS (SAR)		P/E (X)	P/Bv (X)	D/Y (%)
Saudi Research	-43.6	-0.5	-19.9	-0.2	54.30%	-	1.25	-
Saudi Printing	3.6	0.1	4.8	0.1	33.70%	30.95	1.34	-
Tihama Advertising	-15.3	-1	-24.4	-1.6	-59.80%	-	8.25	-
Total	-55.3	-0.6	-39.5	-0.7	28.5%	17.93	2.1	0

Source: Tadawul, Bloomberg, AlJazira Capital

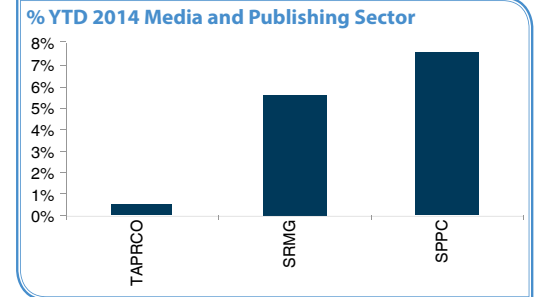
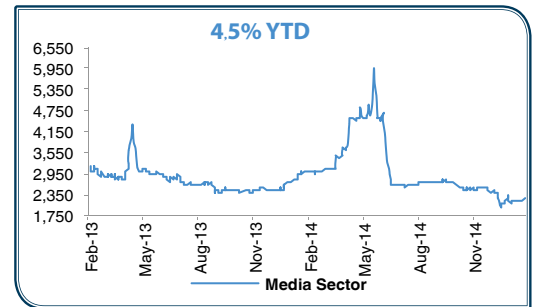
Saudi Arabia's Media & Publishing sector reported net loss of SAR 39.5mn for 4Q2014 compared to loss of SAR 55.3mn in 4Q2013.

Weighted-average EPS for the quarter remained in the red (**negative SAR 0.7**), primarily led by Tihama Advertising, which posted negative EPS at SAR -1.6.

Tihama Advertising and Public Relations net loss was mainly led by increase in provision for doubtful debts of SAR 6mn compared to the corresponding quarter the last year. Moreover, SAR 4.5mn decrease in the share of associates, along with an SAR 1.5mn rise in finance charges led by higher debts, contributed to overall losses.

While Saudi Research and Marketing Group posted net loss of SAR 19.9mn at the end of 4Q2014, it improved 54.3% YoY and registered an EPS of SAR -0.2 during 4Q2014.

Saudi Research has the lowest P/B ratio at 1.25x, followed by Saudi Printing at 1.34x and Tihama Advertising at 8.25x.



Monthly TASI Movement in 5 Years



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RATING TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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